

CITY OF SAN ANTONIO ECONOMIC INCENTIVES



DEFENSE ECONOMIC READJUSTMENT ZONE PROJECT DESIGNATION

Program Description:

The City of San Antonio currently administers the state-designated Defense Economic Readjustment Zone. This program is a State initiative to assist communities that have been adversely impacted by Department of Defense downsizing. Companies locating within a Zone are eligible for designation by the State as a Defense Economic Readjustment Project. (See attached map).

Program Eligibility Criteria:

- ☐ Expansion must take place within a State-designated Zone.
- ☐ Twenty-five percent (25%) of all new hires must be San Antonio residents, economically disadvantaged individuals, or dislocated defense workers.
- ☐ Project designation must be in place within 90 days of any purchases or new hires to receive benefits.
- ☐ Defense Readjustment Project nomination must be approved by City Council and the State of Texas.

Program's Benefits:

Designated projects are eligible for State sales & use tax refunds and franchise tax credits based on job creation and capital investment.

Sales and Use Tax Refunds

- ☐ Refund based on \$2,500 per employee for each permanent job, up to 500 jobs, created or retained during the five-year designation period. Each project is limited to a maximum refund of \$1.25 million or \$250,000 per year over the five-year period.
- ☐ On taxes paid for labor to remodel, rehabilitate, or construct a structure, purchase of building materials, machinery/equipment, electricity and natural gas purchased and consumed in the normal course of business and taxable services in the Defense Economic Readjustment Zone.

Franchise Tax Credits - A business is taxed by the State of Texas on net capital assets (0.25%), or on net earned surplus (4.5%). Companies pay the greater of the two following Franchise Tax Credits Equal to:

- ☐ 25% of the total wages and salaries paid by the corporation for a minimum of 10 qualifying jobs during the period upon which the tax is based. The total credit may not exceed 50 percent of the amount of franchise tax due prior to any other applicable tax credits.
- ☐ 7.5% of the qualified capital investment (minimum \$500,000) during the period upon which the tax is based.

Receipts from services performed in a Readjustment Zone can also be excluded in the determination of gross receipts from business done in the state under Sections 171.103 and 171.1032 of the Texas Tax Code.

How to Apply:

For further information or to apply, please call Mrs. Lynda C. Rodriguez, Economic Development Manager, at (210) 207-6109.

